

1 Anti-avoidance: collective investment scheme reconstructions

- (1) TCGA 1992 is amended as follows.
- (2) In section 103G (exchange of units for those in another collective investment scheme), in subsection (4), for “section 103K(1)” to the end of the subsection substitute “section 103K (anti-avoidance)”.
- (3) In section 103H (scheme of reconstruction involving issue of units), in subsection (5), for “section 103K(1)” to the end of the subsection substitute “section 103K (anti-avoidance)”.
- (4) In section 103I (scheme of reconstruction involving conversion scheme), in subsection (4), for “section 103K(1)” to the end of the subsection substitute “section 103K (anti-avoidance)”.
- (5) In section 103K (restriction on application of sections 103G, 103H and 103I) –
 - (a) at the end of the heading insert “: anti-avoidance”;
 - (b) for subsection (1) substitute –
 - “(1) This section applies in respect of arrangements relating to an exchange or scheme of reconstruction as regards which section 103G, 103H or 103I applies if the main purpose, or one of the main purposes, of the arrangements is to reduce or avoid liability to capital gains tax, corporation tax or income tax.
 - (1A) Any such reduction or avoidance that would (in the absence of this section) arise from such arrangements is to be counteracted by the making of such adjustments as are just and reasonable (in light of the reduction or avoidance).
 - (1B) This includes, in an appropriate case, disapplying section 103G, 103H or 103I insofar as is required to counteract the reduction or avoidance.
 - (1C) Any adjustments required to be made under this section (whether or not by an officer of Revenue and Customs) may be made by way of –
 - (a) an assessment, or
 - (b) the modification of an assessment.”;
 - (c) omit subsections (2) and (3);
 - (d) in subsection (4) –
 - (i) for “subsection (1) above” substitute “this section”;
 - (ii) in paragraph (a), after “chargeable person” insert “as part of the exchange or scheme of reconstruction”;
 - (e) after subsection (6) insert –
 - “(7) In this section, “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).”

- (6) The amendments made by this section have effect in relation to arrangements involving an issue of units in a collective investment scheme on or after 26 November 2025.
- (7) But those amendments do not have effect in a case where—
 - (a) a participant in a collective investment scheme has made an application under section 138(1) of TCGA 1992 (as applied by section 103K(6) of that Act) before 26 November 2025,
 - (b) the Commissioners for His Majesty's Revenue and Customs have notified the participant of their satisfaction, or the tribunal has notified the participant of its satisfaction, in relation to the application under section 138(1) or (4) of TCGA 1992, and
 - (c) the issue of units in a collective investment scheme in respect of which the application was made occurs before 26 January 2026 or, if later, before the end of the period of 60 days beginning with the day on which the notification mentioned in paragraph (b) was made.

2 Anti-avoidance: company reconstructions

- (1) TCGA 1992 is amended as follows.
- (2) In section 135 (exchange of securities for those in another company), in subsection (6), for “section 137(1)” to the end of the subsection substitute “section 137 (anti-avoidance)”.
- (3) In section 136 (scheme of reconstruction involving issue of securities), in subsection (6), for “section 137(1)” to the end of the subsection substitute “section 137 (anti-avoidance)”.
- (4) In section 137 (restriction on company reconstruction provisions)—
 - (a) at the end of the heading insert “: anti-avoidance”;
 - (b) for subsection (1) substitute—
 - “(1) This section applies in respect of arrangements relating to an exchange or scheme of reconstruction as regards which section 135 or 136 applies if the main purpose, or one of the main purposes, of the arrangements is to reduce or avoid liability to capital gains tax or corporation tax.
 - (1A) Any such reduction or avoidance that would (in the absence of this section) arise from such arrangements is to be counteracted by the making of such adjustments as are just and reasonable (in light of the reduction or avoidance).
 - (1B) This includes, in an appropriate case, disapplying section 135 or 136 insofar as is required to counteract the reduction or avoidance.
 - (1C) Any adjustments required to be made under this section (whether or not by an officer of Revenue and Customs) may be made by way of—
 - (a) an assessment, or

- (b) the modification of an assessment.”;
 - (c) omit subsections (2) and (3);
 - (d) in subsection (4) –
 - (i) for “subsection (1) above” substitute “this section”;
 - (ii) in paragraph (a), after “chargeable person” insert “as part of the exchange or scheme of reconstruction”;
 - (e) after subsection (6) insert –
 - “(7) In this section, “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).”
- (5) In section 138 (procedure for clearance in advance) –
 - (a) in subsection (1) –
 - (i) for “shall not affect the operation of section 135 or 136” substitute “does not apply”;
 - (ii) after “the issue” insert “of shares or debentures mentioned in section 135(1) or 136(1)”;
 - (iii) for “section 137(1)”, in the first place it appears, substitute “section 135(1) or 136(1)”;
 - (iv) for “for bona fide” to the end of the subsection substitute “without arrangements in respect of which section 137 applies.”;
 - (b) after subsection (5) insert –
 - “(6) In this section, references to shares or debentures include references to any interests or options to which this Chapter applies by virtue of section 135(5), 136(5) or 147.”
- (6) The amendments made by this section have effect in relation to arrangements involving an issue of shares in, or debentures of, a company on or after 26 November 2025.
- (7) But those do not have effect in a case where –
 - (a) a company has made an application under section 138(1) of TCGA 1992 before 26 November 2025,
 - (b) the Commissioners for His Majesty’s Revenue and Customs have notified the company of their satisfaction, or the tribunal has notified the company of its satisfaction, in relation to the application under section 138(1) or (4) of TCGA 1992, and
 - (c) the issue of shares or debentures in respect of which the application was made occurs before 26 January 2026 or, if later, before the end of the period of 60 days beginning with the day on which notification mentioned in paragraph (b) was made.

3 Anti-avoidance: reconstructions involving transfer of business

- (1) In section 139 (reconstruction involving transfer of business) –

- (a) after subsection (4) insert—
 - “(4A) Subsection (4B) applies in respect of arrangements relating to a reconstruction as regards which this section applies if the main purpose, or one of the main purposes, of the arrangements is to reduce or avoid liability to capital gains tax, corporation tax or income tax.
 - (4B) Any such reduction or avoidance that would (in the absence of this subsection) arise from such arrangements is to be counteracted by the making of such adjustments as are just and reasonable (in light of the reduction or avoidance).
 - (4C) This includes, in an appropriate case, disapplying this section insofar as is required to counteract the reduction or avoidance.
 - (4D) Any adjustments required to be made under subsection (4B) (whether or not by an officer of Revenue and Customs) may be made by way of—
 - (a) an assessment, or
 - (b) the modification of an assessment.”
 - (b) in subsection (5) —
 - (i) for the words from the beginning of the subsection to “operation of this section” substitute “Subsections (4A) to (4D) do not apply”;
 - (ii) for “for bona fide” to the end of the first sentence substitute “without arrangements in respect of which subsection (4B) applies.”;
 - (c) in subsections (6) and (7), for “subsection (5)” substitute “subsection (4B)”;
 - (d) after subsection (9) insert—
 - “(10) In this section, “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).”
- (2) The amendments made by this section have effect in relation to arrangements involving the transfer of assets of a business on or after 26 November 2025.
- (3) But this section does not have effect in relation to a case where —
- (a) a company has made an application under section 139(5) of TCGA 1992 before 26 November 2025,
 - (b) the Commissioners for His Majesty’s Revenue and Customs have notified the company of their satisfaction under that subsection, or the tribunal has notified the company of its satisfaction under section 138(4) of TCGA 1992 (as applied by section 139(5) of that Act), in relation to the application, and
 - (c) the transfer of assets in respect of which the application was made occurs before 26 January 2026 or, if later, before the end of the period of 60 days beginning with the day on which notification mentioned in paragraph (b) was made.